



Mandatory Distributions

OVERVIEW

Mandatory distribution provisions (AKA force-out, involuntary distribution, mandatory cash-out, etc.) assist Plan Administrators with the reduction of Plan expenses by forcing terminated participants with low vested account balances to take their money out of the Plan.

When mandatory distributions are allowed by the Plan, the Plan document defines the following types of force-out provisions:

Cash-out Threshold

The vested account balance maximum that can be involuntarily distributed to the participant, such as \$1,000.00

Participants must be notified and be given the opportunity to voluntarily withdrawal funds before forcing them out of the Plan.

Mandatory Distribution Processing Authorization

Automated Mandatory Distribution Services

Empower:

- Generates the AMD report Identifying terminated participants with low vested account balances that meet Plan-defined thresholds outlined above, including participants who meet the criteria but could otherwise be rejected from the AMD process.
- Sends a Mandatory Distribution Letter to impacted participants
 - Outlining the mandatory distribution process
 - Providing instructions for participants to make a voluntary withdrawal if desired.
- When participants take no action by the scheduled automated mandatory distribution date, distributes participant account assets according to the Plan's force-out provisions:
- **NOTE:** Inspira Financial is the exclusive IRA provider for Empower's AMD service and is not affiliated with Empower and its affiliates.

Rollover Threshold

The vested account balance amounts (or ranges) that can be involuntarily rolled into an Individual Retirement Account (IRA) on behalf of the participant, such as \$1,000.00-\$7,000.00

Plan Administrator Manages Mandatory Distributions

The Plan Administrator retains responsibility for:

- Identifying terminated/severed participants that meet Plan-defined thresholds outlined above.
- **NOTE:** Participant Involuntary Distribution Listing and Participant Data Extract reports are available on the Plan Service Center (PSC) to assist the Plan Administrator with identifying force-out eligible participants.
- Providing the required notification to participants.
- If the Plan has a mandatory rollover provision,
 - Establishing a rollover provider in Empower's recordkeeping system prior to initiating a mandatory rollover.
 - Providing direction indicating which participants are to be rolled into a new IRA administered by that provider.

The non-discretionary recordkeeping and administrative services described in this Service Overview are general in nature and reflect the standard service offering. Service descriptions are not specific to any plan provision or administration practice. The recordkeeper may agree to provide an alternate service arrangement, as applicable, if separately requested by the Plan Sponsor. FOR ADVISOR/PLAN SPONSOR OR TPA USE ONLY. Not for use with Plan Participants